

August 5, 2020

(Translation)

Dear Sirs or Madams,

Name of Company: SEGA SAMMY HOLDINGS INC.
 Name of Representative: Haruki Satomi,
 President and Group COO
 Representative Director

(Code No. 6460, Tokyo Stock Exchange 1st Section)

Further Inquiry: Yoichi Owaki,
 Senior Vice President,
 Executive Officer
 Managing Director of
 Finance & Accounting Division
 (TEL: 03-6864-2400)

Notice Regarding Full-Year Consolidated Operating Results Forecast

It is hereby notified the full-year consolidated operating results forecast for the fiscal year ending March 31, 2021 which was pended in "FLASH REPORT CONSOLIDATED FINANCIAL STATEMENTS [Japanese GAAP] Year Ended March 31, 2020" announced on May 13, 2020, as follows.

Description

1. Full-year consolidated operating results forecast for fiscal year ending March 2021 (From April 1, 2020 to March 31, 2021)

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income (loss) per share
Previously announced forecast (A)	Millions of yen —	Millions of yen —	Millions of yen —	Millions of yen —	Yen —
Revised forecast this time (B)	277,000	(15,000)	(20,000)	(17,000)	(72.31)
Amount of increase or decrease (B-A)	—	—	—	—	—
Rate of increase or decrease (%)	—	—	—	—	—
(Reference) Operating results for the previous fiscal year (Fiscal year ended March 31, 2020)	366,594	27,643	25,296	13,775	58.65

■ Background of the announcement of full-year consolidated operating results forecast

The full-year consolidated operating results forecast for the fiscal year ending March 31, 2021 was pended because it was difficult to determine the impact of COVID-19 on the business of our company but we have calculated the full-year consolidated operating results forecast based on the currently available information and forecasts, including the status of business after the declaration of state of emergency lifted this time.

■ Per business status

Per segments breakdown of full-year consolidated operating results forecast for fiscal year ending March 2021

(Unit: millions of yen)

Segment		Previously announced forecast (A)	Revised forecast this time (B)	Amount of increase or decrease (B-A)
Sales	Total	—	277,000	—
	Pachislot and Pachinko Machines Business	—	56,000	—
	Entertainment Contents Business	—	214,000	—
	Resort Business	—	6,500	—
	Others/Eliminations, etc.	—	500	—
Ordinary income	Total	—	(20,000)	—
	Pachislot and Pachinko Machines Business	—	(10,000)	—
	Entertainment Contents Business	—	11,000	—
	Resort Business	—	(12,500)	—
	Others/Eliminations, etc.	—	(8,500)	—

*The Company changed the method of measuring segment income to "ordinary income" from FY2021/3.

(Pachislot and Pachinko Machines Business)

Although utilization of pachinko halls is recovering gradually, full-fledged replacement to new regulation machine is expected to be occurring in fiscal year ending March 2022, following the extension of the deadline for removal of previous regulation machines. Based on this outlook, we are planning to sell 52,000 units (123,000 units in the previous fiscal year) for pachislot machines and 71,000 units (104,000 units in the previous fiscal year) for pachinko machines and forecasting ordinary losses in fiscal year ending March 2021.

(Entertainment Contents Business)

We expect Amusement Machine Sales and Amusement Center Operation areas to remain sluggish as those areas are heavily influenced by COVID-19. On the other hand, the Consumer area is expected to remain strong as demand for games and download sales continue to increase and expecting to record ordinary income in Entertainment Contents Business as a whole.

(Resort Business)

In addition to the continuous recording of expenses for participation in domestic IR, we expect to record an ordinary loss due to a decline in utilization of facilities, Phoenix Seagaia Resort in

Japan and PARADISE CITY in overseas, due to the strong impact of COVID-19.

(Assumption of the impact of COVID-19 in each business, etc.)

Segment	Sub-segment	Impact	Full-year forecast
Pachislot and Pachinko Machines Business	-	Negative	<ul style="list-style-type: none"> • Expecting that the recovery of purchasing motivation of pachinko halls take a while as the deadline for removal extended. • The plan for unit sales is expected to fall below the previous year.
Entertainment Contents Business	Consumer ※	Positive	<ul style="list-style-type: none"> • Expecting that the spending from staying at home will continue but will settle down.
	Amusement Machine Sales	Negative	<ul style="list-style-type: none"> • Expecting the decrease of revenue from revenue sharing model and sales of machines due to decline of utilization of stores.
	Amusement Center Operations	Negative	<ul style="list-style-type: none"> • Although expecting the gradual recovery towards the end of fiscal year, sales of existing stores is expected to be 62.7% YoY.
	Animation / Toys	Negative	<ul style="list-style-type: none"> • Expecting the decline of allocated revenue this fiscal year due to the postponement of the release of theatrical version of "Detective Conan," and etc.
Resort Business	Phoenix Resort	Negative	<ul style="list-style-type: none"> • Although expecting the gradual recovery towards the end of this fiscal year, assuming the recovery of travel demand may take a while.
	PARADISE SEGASAMMY	Negative	<ul style="list-style-type: none"> • Temporary closure of some facilities from July 1 • Expecting that the restriction of foreign visitors entering South Korea will not lift within 2020.

*As the breakdown of sub-segment, Digital Games area and Packaged Games area have been integrated into 1 sub-segment and changed the name to Consumer area from FY2021/3.

■ Future Initiatives

In light of the fact that many businesses of our company are greatly affected by COVID-19, we established the Structural Reform Committee in order to reform the organization structure that adapt to the external environment. The Structural Reform Committee will work for 1) reviewing the balance sheet for non business properties, 2) building an organizational structure that can adapt to changes in the market environment, and 3) reducing the cost centered on group-wide common fixed expenses (reduction target: 15 billion yen).

The outlook for fiscal year ending March 2021 is expected to remain uncertain accompanying with the uncertainty of spread of COVID-19. Therefore, there is a possibility that the actual operating results of this fiscal year changes significantly from the forecast announced this time. In addition, the impact of structural reforms are not included in this operating results forecast. We will promptly announce if there is a need to amend the operating results forecast in the future.

As it is necessary to assess the impact of structural reform on business performance, both interim dividends and year-end dividends remain undecided at this stage.

*The figures and operating results forecast contained in this document are made based on information available as of the date of publication of this document. Actual results may differ from the projected figures due to various factors going forward.

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